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BEFORE THE ARIZONA CORPORATION COMMISSION

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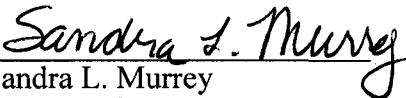
COMMISSIONERS

GARY PIERCE, Chairman  
BOB STUMP  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR AUTHORITY TO IMPLEMENT ARSENIC COST RECOVERY MECHANISMS FOR ITS AGUA FRIA WATER, SUN CITY WATER WEST, HAVASU WATER AND TUBAC WATER DISTRICTS.	DOCKET NO. W-01303A-05-0280  DECISION NO. 68310  NOTICE OF COMPLIANCE FILING
IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS SUN CITY WEST WATER AND WASTEWATER DISTRICTS.	DOCKET NO. WS-01303A-02-0867
IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS MOHAVE WATER DISTRICT AND ITS HAVASU WATER DISTRICT.	DOCKET NO. WS-01303A-02-0869
IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE, ITS AGUA FRIA WATER BY ITS ANTHEM WATER DISTRICT, AND ITS ANTHEM/AGUA FRIA WASTEWATER DISTRICT.	DOCKET NO. WS-01303A-02-0870

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3 In compliance with Decision No. 68310, Arizona American Water Company hereby files  
4 the attached 2011 Havasu Arsenic Hook Up Fee Report.

5 RESPECTFULLY SUBMITTED on January 27, 2012.  
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8   
9 Sandra L. Murrey  
10 Rates Analyst  
11 Arizona-American Water  
12 2355 W. Pinnacle Peak Rd, Suite 300  
13 Phoenix, AZ 85027  
14  
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17  
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19 Original and 13 copies **filed**  
20 on January 27, 2012, with:  
21

22 Docket Control  
23 Arizona Corporation Commission  
24 1200 West Washington  
25 Phoenix, Arizona 85007  
26

27 Copies of the foregoing **emailed**  
28 on January 27, 2012 to:  
29

30 Brian K. Bozzo  
31 Compliance and Enforcement Manager  
32 Utilities Division  
33 1200 West Washington Street  
34 Phoenix, AZ 85007

**Arizona American Water Company  
Havasu District  
Arsenic Impact Fee  
For the Year 2011**

<u>Date</u>	<u>Amount</u>	<u>Developer/Builder/Individual</u>
	\$ 69,600	Prior Year Balance
4/27/2011	870	Venterra Homes (PO Box 743, Lake Havasu City, AZ)
6/2/2011	870	Scott, John (12501 Shelburne, Anchorage, AL 99516)
8/5/2011	3,480	Havasus Homes, LLC (6700 N Oracle Rd. Ste 100, Tucson, AZ 85704)
11/16/2011	870	Venterra Homes (PO Box 743, Lake Havasu City, AZ)
<hr/>		
	<u>\$ 6,090</u>	Total Collected in 2011
<hr/>		
	<u>\$ 75,690</u>	Life to Date Collections

Amount Spent and List of Facilities Installed with Funds

The Havasu Arsenic Impact Fee (AIF) is collected to offset the costs of the Arsenic Removal Facilities installed in our Lake Havasu Water district. At our Lake Havasu Water Plant #4, water is supplied by 2 ground water wells, both of which were contaminated with arsenic above the U.S. Environmental Protection Agency maximum contaminant levels. Arizona American completed the capital project to remediate the arsenic contamination, with the facilities going In-Service in 2006 at an approximate cost of \$2.196M. All AIF collected since the inception and ongoing are to offset the costs of this plant. The Arsenic Impact Fee is still in effect.

1 in Staff's AIF Tariff Schedule, and as further modified at the hearing, shall be approved.

2 IT IS FURTHER ORDERED that Arizona-American Water Company shall comply with all  
3 requirements discussed in this Order as a condition of approval of the Arsenic Cost Recovery  
4 Mechanism.

5 IT IS FURTHER ORDERED that Arizona-American Water Company shall file a plan with  
6 Docket Control by December 31, 2005 that describes how the Company expects to attain and  
7 maintain a capital structure (equity, long-term debt, and short-term debt) with equity representing  
8 between 40 and 60 percent of total capital.

9 IT IS FURTHER ORDERED that Arizona-American Water Company shall file, by April 1<sup>st</sup>  
10 of each year subsequent to any year in which it collects surcharges under an ACRM, a report with  
11 the Utilities Division Director showing the Company's ending capital structure by month for the  
12 prior year.

13 IT IS FURTHER ORDERED that Arizona-American Water Company shall modify the rate  
14 base calculation for the Havasu Water District to explicitly show a deduction for Arsenic Impact Fee  
15 collections.

16 IT IS FURTHER ORDERED that, as part of the Earnings Test schedule filed in support of the  
17 ACRM, Arizona-American Water Company shall incorporate adjustments conforming to Decision  
18 No. 67093.

19 IT IS FURTHER ORDERED that Arizona-American Water Company shall file the schedules  
20 discussed in its application, as modified by Staff's recommendations herein. Microsoft Excel or  
21 compatible electronic versions of the filings and all work papers should be filed concurrently with all  
22 ACRM filings.

23 IT IS FURTHER ORDERED that Arizona-American Water Company shall file permanent  
24 rate applications for its Sun City West, Agua Fria, and Havasu districts by no later than April 30,  
25 2008, based on a 2007 test year.

26 IT IS FURTHER ORDERED that, for the Havasu District, Arizona-American Water  
27 Company shall file with Docket Control by January 31<sup>st</sup> of each year, an annual calendar year status  
28 report, until the AIF Tariff is no longer in effect. The status report shall contain a list of all

1 customers that have paid the AIF, the amount each customer has paid, the amount of money spent  
2 from the AIF, and a list of all facilities that have been installed with funds from the AIF Tariff  
3 during the 12-month period

4 IT IS FURTHER ORDERED that Arizona-American Water Company shall file the schedules  
5 and information described above, as well as any additional relevant data requested by Staff, as part of  
6 any request for an Arsenic Cost Recovery Mechanism step increase.

7 IT IS FURTHER ORDERED that Arizona-American Water Company shall annually file as  
8 part of its annual report, an affidavit with the Utilities Division attesting that the Company is current  
9 in paying its property taxes in Arizona.

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